



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

26 Federal Plaza-Room 41-122  
New York, New York 10278  
PHONE: (212)-264-2089  
FAX: (212)-264-5478

May 05, 2009

Mr. Martin Benison  
Comptroller  
The Commonwealth of Massachusetts  
Office of the Comptroller  
One Ashburton Place, Room 901  
Boston, MA 02108

Dear Mr. Benison:

By letter dated January 28, 2009, your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2010. The proposal, based on actual costs for the year ended June 30, 2008, provided for three rates, i.e., 26.21% applicable to all regular employees except "uniformed" employees (justices, police, corrections, and parole officers), and 35.79% applicable to uniformed employees. These rates include the costs for Group Insurance, Retirement, and Terminal Leave. The third rate of 1.38% is applicable to all regular, uniformed and contractual employees for the costs of Unemployment Insurance, Universal Health Insurance and Medicare Tax.

Based on our review of your proposal, fixed rates of 26.42% (Group Insurance - 19.37%, Retirement - 6.16%, Terminal Leave - .89), and 35.74% (Group Insurance - 19.41%, Retirement - 15.47%, Terminal Leave - .86%) for regular and uniformed employees, respectively, and the additional rate of 1.38% (Unemployment Insurance - .23%, Universal Health Insurance - .04%, Medicare Tax - 1.11%) are approved covering the period July 1, 2009 through June 30, 2010.

Fixed rates for FYE 06/30/2010 for regular employees includes final carry forward of over-recovery amounting to Group Insurance: \$124,689,405, Retirement: \$23,333,764, Medicare Tax: \$787,681, Unemployment Insurance: \$2,878,822 and under-recovery amounting to Terminal Leave: \$4,921,954 and Universal Health Insurance: \$28,015.

Fixed rates for FYE 06/30/2010 for uniformed employees includes final carry forward of over-recovery amounting to Group Insurance: \$18,068,512, Terminal Leave: \$61,460, Medicare Tax: \$115,623, Unemployment Insurance: \$422,579 and under-recovery amounting to Retirement: \$5,453,246 and Universal Health Insurance: \$4,112.

This approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate. In addition, this approval is subject to the following conditions with respect to the submission of your next proposal based on actual costs for the fiscal year ending June 30, 2009, which must be submitted by December 31, 2009:

Mr. Martin Benison

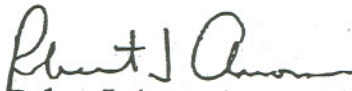
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1. The Salary and Wage (S&W) base will include a reconciliation of the amounts per the payroll systems with the amounts reflected in MMARS, which is the basis of the submission.
2. With respect to the Retirement component, the Commonwealth will submit all actuarial and financial reports prepared, whether they relate to payments to the pension system or actuarially determined amounts.
3. With respect to the Group Insurance component:
  - a. Provide copies of Financial Statements, including expense details, covering the:
    - (1) Rate Stabilization Reserve
    - (2) State Employees' Trust Fund
    - (3) Employee Withholding Trust Fund
    - (4) State Retiree Benefits Trust Fund
  - b. If expenditures noted above are included in the FB proposal, provide a justification.

In addition, please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and FAX (212-264-5478) it back to this office. If you have any questions, please contact my office at (212) 264-2069.

Sincerely,

  
Robert I. Aaronson  
Director, Division of  
Cost Allocation

Enclosures

Concurrence: 

Martin J. Benison  
Name

Comptroller  
Title

May 5, 2009  
Date